

**School to Work Transition and Youth Inclusion in Southern Russia: an
Institutional Analysis
Follow-up report**

Introduction

This report is a supplement to the institutional analysis of youth policy in Russia, conducted by the Institute for Urban Economics earlier in 2005 as part of the broader policy study “School to Work Transition and Youth Inclusion in Southern Russia”. The current report plays a supplemental role, filling the gaps identified in the previous work. Its geographic focus is narrowed to the regions of the Southern Federal District and the North Caucasus in particular, while substantively it is focused on the resources that these regions receive within the framework of federal target programs. As before, the report is based on a desk review and interviews with youth policy administrators in several regions, including those of the Southern Federal District and the North Caucasus in particular.

Section 1 of the report is placed outside of its geographic and substantive content; it provides an overview of the school-to-work transition programs that have existed under the Soviet Union and represent a legacy of socialist times, as well as those that are currently financed as part of corporate social responsibility or philanthropic activities of the Russian business. Section 2 overviews youth policy financing mechanisms and issues at the regional level, looking at the federal target program The Youth of Russia resources. Section 3 concerns another target program – the South of Russia – which is supposed to have at least partial relevance to the regional youth policy needs.

Briefly, this supplemental report attempts to convey the following messages:

Funding of youth policy in the Russian regions is at risk. The existing mechanisms of federal target program The Youth of Russia do not ensure that the available funds are distributed according to the regional policy priorities and the needs of their youth. The mechanisms, according to which the regions and specific activities become selected and receive federal funding are far from transparent and are not fully understood even by regional policy authorities. Federal funding does not appear targeted to the poorest regions or to those where youth problems are the most acute. Ineffectiveness of the target program is understood at the federal level but this understanding has led the Ministry of Economic Development to propose to the Government that the federal program be closed, instead of its restructuring and introduction of more efficient mechanisms for financing of youth policy.

Federal target program South of Russia that is aiming at boosting development in the regions of Southern Federal District suffers from the same problems as the Youth of Russia program. Lack of transparency and arbitrariness in allocation of funding are the main of them. The program notionally leads to improved opportunities for employment and education of the population in the target regions, including their youth, but in practice the issues faced by younger generations are far from the program focus

Lack of youth participation in policy is viewed as a problem for building civil society in Russia, and it has been recorded by many surveys. Organized forms of policy participation for the youth are based on the platforms of the major political parties and in that sense resemble the approach used during the Soviet Union times, when the ruling Communist party had organized national youth movements (Pioneer organization and Communist Union of the Youth) as vehicles to universally fix the dominant ideology. It is necessary to create the conditions for active participation by young people in the life of society, to focus particular attention on restoration and consolidation of the traditions of youth associations, children’s sports schools and groups, interest clubs and youth leisure organizations. So far the potential of youth associations and even informal groups is not used by local communities to improve the quality of life in their towns and leisure environment, since

most active forms of public participation exist around the political parties, promoting their agenda. It may be that public authorities have to be trained and receive clear guidance on how to most effectively interact with their young population, how to allocate resources to support business initiatives of the young people, how to involve them in the shared decision making process that may influence life of a town/village/district etc

There is little or no coherence in public actions aimed at improving school-to-work transition assistance to young people. While the variety of programs is quite large and ranging from job fairs to specialized classes at schools, the programs are randomly scattered across regions and are funded both by the government and private agents (business) who are rarely if at all coordinating their activities with each other. Education system has an important role to play as a mechanism assisting the process of school-to-work transition. This refers not so much to the system of higher educational institutions, but to the one of secondary schooling, vocational training and assistance in initial job placement. Given highly unequal level of opportunities offered to the young generation by large and small localities, especially rural and remote ones, the needs for vocational guidance and financial assistance may differ from education loans that increase labor mobility of young people, to job fairs and 'open door' days of the major companies operating in a given region or locality. Apprenticeship systems that help build linkages between school and work can be an effective addition as well. As for employment and skill-building programs (including direct job placement and public works) they are not for now focused on the young people, but are targeted towards mostly disadvantaged among adolescents, including those with special needs and disabilities, coming from residential institutions, dysfunctional families.

1. Participation of youth in politics from the Soviet times to nowadays.

In 1990s young people of Russia were often criticized for being apolitical. For instance, the Public Opinion Foundation (FOM) has several times defined the youth as the ‘most apolitical group’¹ Based on 2004 survey among respondents aged 18-35, FOM concluded that on average politics does not interest 62% of them and is not a subject of their discussions. However, the surveys also show that young people believe that their lives and future depend on political activities and about 51% reckon that this dependence is very strong. Only 15% remain assured that their lives do not depend on politics in the country. The results similar to those of the FOM have been observed before. Participation in political life occupied the last place on a scale of value judgments offered in a survey of senior schoolchildren in St. Petersburg schools² (it interested only 6.7% of respondents). Only 16.7% of them were interested in politics, only a third (34.4%) have ever thought of participating in political activities.

More importantly, nowadays, the majority of young people (81% according to FOM 2004 survey) do not envisage for themselves any possibility to become members of any political party or a politically active group. Participation of young people in politics, therefore, is likely to remain rather low in future, despite the recent efforts of the major political parties and the Government to organize large-scale political movements of the youth. So far these effort have resulted in creation of the following political youth organizations:

- “Nashi” – the only organization openly approved by the president. They are known for their anti-fascist actions;
- Youth “Rodina” - left oriented organization, based on the Rodina political party platform;
- “Communist youth union” – claim to be followers of pioneers and komsomol members;
- Youth “Yabloko” – right oriented organization, a young branch of Yabloko party followers;
- “Oborona” is close to the political party “SPS”;
- “Stop-Krun” – right activists of “Nash vibor” party;
- “AKM” and Nationalist-Bolshevikic are the most radical (almost extremist) adolescents.

The model of involving young people in the political life on the basis of the major political parties’ platforms is not new to Russia. The same strategy of brining up young generations loyal to the ruling party’s ideology has been used in the Soviet Union, where Komsomol (Communist Union of the Young) and the Organization of Young Pioneers served this function.

Komsomol (VLKSM) was created in August 1918 to ensure supply of young leaders and young qualified staff for appointment at administrative positions in the new socialist state. It was supposed to organize young people in support of the Communist party. The main ideological goal of the Komsomol was to convert the youth into the ideas of Marxism and Leninism. According to VLKSM regulations, any young person between 14 and 28 could be accepted as a member, and by 1977 more than 36 million young people were members of the Komsomol, meaning that almost a universal coverage of young people was achieved. Table 1.1 shows the dynamics of Komsomol membership during most part of the Soviet Union rule³.

¹ See <http://bd.fom.ru>

² “Sociology of youth”. Ed. V.T.Lisovsky. St. Peterburg State University, 1996.

³ Lack of information does not enable us to analyze coverage of the young people by Komsomol in the years considered.

Table 1.1. Komsomol members, thousands of persons

Year	Members
1918*	22.1
1919*	96
1920	400
1922	247
1924	500.7
1925	1140.7
1929	2317.3
1933	4547.2
1939	8245.8
1941	10387.8
1944	6058.2
1946	7480.2
1950	10512.4
1955	18617.5
1962	19095
1971	27294.8
1975	33760.6
1977	Over 36000

Source: archive materials assembled from the political parties and Russian national library

During 1918-1975 more than 11 million Komsomol members joined the Communist party of Soviet Union and by 1975 more than 70% of new party members were from the Komsomol. In 1976 more than 80% of Komsomol members were students and in fact most of the higher educational institutions and universities of the Soviet Union did not even consider applications from the young people who were not members of the Komsomol, which was an effective mechanism of recruiting the youth into the union.

The VLKSM was structured on the basis of matrix (spatial and industrial) allocation. Primary organizations were set up at factories, industrial enterprises, collective farms, universities and other educational institutions. A primary Komsomol unit existed in every locality, including the most remote villages, and in every enterprise where at least 3 young people were among the employees.

Prior to joining Komsomol, young people have been universally recruited in the All-Union Organization of Young Pioneers (APO). APO united teenagers from 10 until 15 years old. Practical guidance of the activity of the pioneer organization was carried out by the Komsomol under the instruction of the Communist Party of the Soviet Union. The primary unit of APO was a pioneer brigade. As of 1971, these brigades united 23 million pioneers. Table 1.2 provides the little available statistical illustration of the APO membership in the early years of the organization.

Table 1.2. Membership in the Organization of Young Pioneers

Year	Number of pioneers
1923	75000
1924	161000
1926	2000000

Pioneers' brigades were created in schools, boarding schools, orphanages, during summer holidays – in all types of pioneer camps. Usually there were several hundred pioneers in a brigade. The main principles of the activity of the pioneer organization were the socio-political orientation, active participation in organization's activities, self-activity in combination with pedagogical guidance etc. Ideologically the pioneer organization was strongly associated with the activity of the Communist party, which considered the youth communist movement as a part of the system of the communist education.

APO was intended to bring up in pioneers aspiration for knowledge and work, to attract pioneers to active socio-political work and to labor valuable to community. The range of their activities was very broad. For example, in 1930 pioneers taught literacy to more that 1 million illiterate citizens, sent several thousand of radios and more that 500000 books to sponsored villages, etc. Pioneers participated in geological expeditions, collected money for purchase of tractors and combines, organized watches for patrol of harvest and collective farms' property. By the end of '30 military-defensive work evolved in pioneer groups: groups of shooters, nurses, communicators were being created; pioneers brought up dogs and horses for the Soviet Army. During the Great Patriotic War in 1941-1945 "timur's movement" evolved. Pioneers helped elderly citizens and the families of veterans, collected medical herbs, scrap metal, scrap paper, worked at harvest collection, collected money for tank convoys, air squadrons, worked on duty in hospitals etc. In the end of '40 – in the beginning of '50 members of pioneer organization took part in reconstruction of ruined cities and villages. In 1960 the Central council of the pioneer organization made a decision to conduct a labor pioneer two-year program "Pioneers – to Motherland" dedicated to 40 years of the pioneer organization. During 2 years pioneers collected 1 million tons of scrap metal, planted trees along hundreds of kilometers of highways.

Pioneers' self governance (team councils, brigade councils, city headquarters of young pioneers, periodical forums) helped the children to obtain organizational skills, to get to know the principles of democracy, to learn to carry out public missions. Organization of different pioneers' activities supposedly contributed to development of children's interests and talents, while the pioneers' brigades helped the school and teachers to bring up in students responsible attitude to education, to the conscious choice of future profession, involve students into scientific societies, hobby groups. For example, in 1970 in the USSR more than 3,5 thousands of Pioneers' houses were operating as focal points for extra-curriculum activities including those related to professional orientation. More than 900 stations of 'young technologists', 'young natural scientists' and 'tourists', more than 7,5 thousand pioneer camps worked to serve similar objectives.

Membership in pioneer organization was an important factor of youth's ideological education. It also prepared children for membership in the Komsomol.

There is no any similar youth organizations of such scale any more. It is often reported that breakdown of the Soviet institutions for the youth (Pioneer, and Komsomol being the largest and

most influential) has not been replaced by alternative solutions for socialization and participation of young people in community life. The absence of such solutions led to the formation of a sense of alienation from society among the young people.

Many sociological studies, including those quoted in the beginning of this section, indicate that social alienation among today's youth in Russia is manifested mostly in apathy, indifference towards the political life of society, figuratively speaking, in the attitude of an "outside observer". At the self-identification level, there is minimal manifestation of any specific political principles. At the same time, the emotionality, gullibility and psychological instability of young people are skillfully taken advantage of by the political elite in their fight for power.

It may be that in response to the above problem the President of the Russian Federation signed in 1992 a decree "On the top-priority measures in the sphere of state youth policy", defining youth policy as aiming in particular at the development of youth associations, movements, initiatives. According to another Decree of the Supreme Soviet of Russian Federation "On the main directions of the state youth policy in Russian Federation"⁴, one of the main directions of the state youth policy in Russian Federation is "support of the activity of youth and children associations". According to the data of the Ministry of Justice 79 all-Russian and international youth and children organizations were registered as of the beginning of 2004. The largest youth organizations registered in Russia are the following:

- All-Russian public organization "Russian Youth Council", created June 1, 1990. It unites around 220 thousand members from 14 to 30 years old, 70 territorial organizations in 70 subjects of Federation.
- All-Russian public organization "Children's and youth's initiatives", created in 1995. It unites 10.7 thousand members in 40 branches in 36 subjects of federation
- All-Russian public organization "National youth league", created in 1995. Activities of this spreads to 75 regions.
- All-Russian public organization for assistance of youth's upbringing "Going together" It unites more than 57 thousand members in 57 subjects of RF.
- International council of children's public associations "Union of pioneer organizations – Federation of children's organizations", created in 1990. It's a successor of the Young Pioneers Organization (APO) of the Soviet times. The total number of children to whom social services are provided in the framework of the projects (programs) of this organization is more than 300 thousand.
- Scout movement, represented by All-Russian public organization "National organization of scout movement of Russia", created in 1993, All-Russian public organization "Organization of Russian young scouts", established in 1998, interregional public children and youth organization "Russian Scouts' Council", established in 1999, and children's interregional public organization "Association of girl scouts", established in 1999. The total membership of listed scouts organizations is 9 thousand people in 58 subjects of RF.

Public associations and public organizations (not only those for youth, but generally in Russia) are two of the many possible forms for not-for-profit organizations that are defined by Russian legislation. According to the forthcoming UNDP/UNTC National Human Development Report for Russian Federation in 2005, only one Russian law – the one 'On charitable activities and charity organizations' contains a legal term for non-governmental not-for-profit organizations, while the

⁴ №5090-1 of 03.06.1993

other laws (including On not-for-profit organizations, On public associations and On political parties), which were adopted to legalize non-governmental activities and organizations, define a variety of other forms such as public movements, public associations, foundations, non-commercial partnerships etc. The report states that at the beginning of 2005 Russian Statistical Committee reported the number of registered not-for-profit organizations (including those owned and run by the public authorities) to exceed 692 000, while only about 320 000 of them were NGOs in real terms. The table below, quoted directly from the Human Development Report, illustrates the variety of organizational forms for not-for-profit organizations, excluding consumer cooperatives and governmental not-for-profits. It brings up a question of what are the differences between these various forms. In short, a public union is an umbrella term for a number of organizations that are uniting large numbers of people for vaguely defined 'significant purposes'. A public union can have several forms, organizationally – a public association, a public movement, a public foundation, a public associations. Briefly, key features of each are the following:

- Public organization – based on membership, has strictly defined geographical focus (regional organization, all-Russian, local)
- Public movement – mass scale, non-membership
- Public foundation - non-membership, can work as a grant agency (distribute grants from its own resources)
- Public association – an association of legal entities, not individuals

Not-for-profit organizations are not an entirely different class of organizations from any form of a public union, but Russian legislation defined organizational forms of them in different terms – noncommercial partnership, foundation, autonomous not-for-profit organization, noncommercial association. They can also be based on membership or not, can unite individuals or legal entities. For instance, a noncommercial partnership is membership based, while an autonomous not-for-profit organization is not.

The existence of these two different systems of coordinates is rooted in inefficiencies of Russian legislation. At first, the law on public unions was adopted, leaving large gaps (many possible forms such as not-for-profit foundations were not envisaged). The law on non-commercial organizations was adopted later, to cover these gaps, and in fact in defines a non-commercial (not-for-profit organization) as a form of a public organization, but the later law with its new classification exists in parallel with the previous law, despite large overlaps between the two. Public unions and not-for-profits are registered by different public authorities, there are some legal differences in their statutory requirements, state organizations and private business can be founders of some forms of not-for-profits, but not for other forms of public unions. A detailed legal analysis is needed to address all these differences between the forms of the two main overlapping classes of non-governmental organizations permitted by the Russian law.

THE THIRD SECTOR STRUCTURE IN THE RUSSIAN FEDERATION⁵
(1994 – 2004)

(data are given as of 1 January of the year indicated in the column below)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Noncommercial nongovernmental organizations	57389	98818	123166	147136	163952	199839	236167	260393	279876	306034	323995
Public and religious organizations (associations)	46149	85824	102643	118064	124985	144019	155229	165717	172371	179488	181554
Public self-activity agencies							111	137	148	172	175
Social movements							812	1808	2079	2283	2333
Territorial public self-administration organizations							756	957	1099	1210	1305
Funds	3549	4103	7058	10693	13880	17010	20223	22993	25832	28095	29986
Corporations of legal persons (associations and unions)							8079	8422	8873	9391	9841
Noncommercial partnerships							6447	8904	11732	15342	18706
Independent noncommercial organization							6025	8069	10018	11997	14138
Condominiums							5594	7215	9398	12121	14906
Horticultural, gardening or country house proprietors' noncommercial partnerships							16660	22186	26090	33136	38439
Associations of peasant households (farms)							3234	3010	2846	2752	2626
Other noncommercial organizations ⁶	7691	8891	13465	18379	25087	38810	12997	10975	9390	10047	9986

⁵ The Table was compiled on the basis of the Federal State Statistic Agency data without regard of noncommercial state organizations (enterprises) and consumer's cooperatives.

⁶ Up to 2000 the section «Other noncommercial organizations» included associations, unions, noncommercial partnerships and independent noncommercial organizations. Since 2000 onward – the section includes the organizations whose organizational and legal form was not stipulated by the All-Russian Classifier of Organizational and Legal Norms.

An important characteristic of the modern youth public movement is its uneven distribution in the country. The majority of the children's and youth councils is concentrated in large cities – Moscow, St.Petersburg, Novosibirsk, Yekaterinburg, Volgograd, Saratov, some other large economical centers, and in capitals of the republics.

The stage of formation of youth public movement, which is based on the great variety of forms and breadth of choice opportunities, which started in the 90's, is mostly finished. Going back to the model of the one and only council of youth and children (as for a long time were the pioneer organization and komsomol) is impossible: this idea is not popular among youth and youth organizations and conflicts the changed public situation.

The distinctive feature of the modern development of a public movement is a voluntary membership in organizations. However, freedom of choice of organization is considered by youth as a free will not to choose any organization. Often the data on the number of members of organizations is overstated. Experts believe that some 2-4% of young people are members of judicially registered public associations.

Main donors for school-to-work transition programs

Currently, there are two main agents that implement school-to-work transition programs - business and government. Their respective roles are described in a short overview below:

Government activities

The first special institution for vocational training of young people was established in Russia as long ago as in 1897. This was the period when various reference books, anthologies and publications for students, containing not only general information about the system of the then existing vocational education, but introduction of professions and work operations in different professions were published regularly.

The first research of vocational guidance methods and attempts to introduce its elements into school practice began in 1920s. Vocational consultation offices and departments in labor registry offices started to appear, where knowledge of sociology, psychology, pedagogic were applied. Since 1936 systematic vocational guidance practice was suspended and resumed only in 1958 along with discussions about selection of the occupation between teachers and students in schools, special excursions to the enterprises and factories and so on. At that time the research was concentrated on the problems of development of professional interests of youth, their readiness to choose occupation taking into consideration needs of the regional economies rather than of particular individuals. The idea was to ensure that labor supply meets the needs of the planned economy. In several regions of Russia vocational guidance offices appeared at factories. Inter-departmental councils for vocational problems existed in administrations as well.

In 1984 an experiment on development of territorial centers of vocational guidance for youth started. They appeared to be inter-departmental scientific methodical centers administrated and were financed by the Ministry of Education and the Ministry of Labor. Gradually the number of such centers increased and 53 of them started to work. The idea was to integrate them into a united scientific institution, but disintegration of the USSR ruined this plan. Some of these centers are still working in Kemerovo, Moscow, St.Petersburg, Omsk). Thus by the beginning of the 1980s the national vocational guidance system was formed.

In the 1990s, when transition to market economy started, free choice of occupation became available to graduates of schools, colleges and higher educational institutions, but along came the labor market requirements including competition for attractive work places. Trying to play a role in linking supply and demand for young labor, an Institute of vocational self-determination was organized in the system of Russian Academy of Science in 1992. It is still formally operating nowadays but its activities and outputs are hardly visible.

In the context of school curriculum a course titled “Basis of Production. Selection of Occupation” was introduced, aimed at professional guidance provision to schoolchildren from the upper grades. Since 1994/1995 experimental courses such as “Person. Labor. Occupation” (8-9 grades) and “Professional Career” (10-11 grades), containing information about professional life, adaptation to work and so on, have been included in the curricula of many Russian schools. Lots of schools turned into lyceums with profound study of mathematics, informatics, foreign languages and economic and law subjects (for example, “School of Managers”). Such specialized schools often view themselves as inclusive of school-to-profession transition programs, even though they mostly prepare their students to continued education at the university level.

Development of the so-called ‘educational-production complexes’ with different specialization has been viewed as a useful way to guide adolescents in terms of selection of occupation since the Soviet Union, when these complexes existed as part of the secondary education system and were mandatory elements in the curriculum of the upper school grades. They are designed to give young people have an opportunity to gain some working skills and experience in professions that require low qualification (hence low-cost training) and can therefore secure even uneducated youth some position on the labor market. Among the professions taught at the ‘educational-production complexes’ before the 1990s were those of a baker, typewriter, telephone operator, driver and the like. At present the complexes are transformed into vocational guidance centers, where any school student can receive professional advice or attend lectures, pass special tests or visit trainings, which could help him/her to choose own career. In addition employment services, at least in some regions, became rather active in offering vocational guidance for school and college graduates. For example, psychological vocational guidance teams were reportedly organized in Kemerovo Center of vocational guidance and psychological support for youth living in remote places within the region⁷. More than 40 thousands of people receive various services in that center annually, and most of them are young. In Ryazan oblast vocational guidance services receive more than 35 thousands of young people annually, in Moscow more than 93 thousands.

Such actions as “Career: Reference Points for Young” are nowadays regularly held in many Russian towns. Career days, ‘open door days’ of private enterprises and educational institutions, conferences, round table discussions, excursions to enterprises, meetings with parents “Profession of Our Parents”, creative competitions, exhibitions, various vocational games constitute the activities of these actions. Reference books including “Where to Study” and “Where to Work” volumes are published.

The system of additional study in schools and other institutions is part of extra-curriculum activities sometimes provided by independent educational or vocational organizations. For example, a multi-step program operates in the Center of the creative development and humanitarian education “Romantic” in Shelkovo town (Moscow oblast). It helps the young to successfully determine their career choice. The steps are called: “Search” – “Adaptation” – “Enhancement”, “Self-determination”. The program sets the following goals to achieve in 2006:

- provide orphans with a possibility to enter higher professional educational institutions and higher school (500 children a year);
- set up conditions for professional education of the children with limited abilities and their professional skills; increase the number of children’s rehabilitation centers to 350, and the number of the children taken care of in these centers up to 150 thousand;
- put into practice experimental projects of establishing a model of professional training and job placing of children with limited abilities (Nizhny Novgorod oblast, Rostov oblast, Voronezh).

⁷ See <http://kemocpom.chat.ru>

There are also vocational guidance and training programs run by rehabilitation centers for young people with special needs and for orphans. Federal target program “The Children of Russia” and its subprograms “Orphan Children” and “Children with limited abilities” finance these activities.

Many regions have youth labor exchange. For example, in 2000 in Nizhniy Novgorod the project “Development of Youth Labor Exchange” was worked out. The main purposes of the project were to assist youth employment and to raise competitive ability of youth on the labor market.

In 2003 a social program “Unique Resource for Siberian Economics” was introduced in Siberian regions, aiming at the development of socially active, responsible and successful society of future businessmen and managers. Taking part in the program, students gain useful practical experience for employment and future work. Besides, they have an opportunity to work out and present their own projects to investors.

One of the models still in use for vocational training and guidance is rooted in the Soviet legacy. It is the model of ‘youth building brigades’ (“*stroyotryadi*”), which essentially they represent summer practical training for the students for institutes of higher education, who could get experience and some money, develop their communicative skills by working at construction or harvesting projects. Traditionally if the work was in building, students participated in the construction of one object, fulfilling simple operations. Building brigades are being revived now, even though they are not so widespread as in the past and are said to differ from those of the Soviet Union. It is considered that organization was better, student’s motivation (which was not based only on money earned), was higher, pedagogical effect was more powerful. These conclusions are impossible to test.

In the past students also carried on campaigning activities during the period of training. Recently there were plans to use same practices for “explanation of process’ taking place in Russia” to people in remoted places.

Another Soviet legacy are labour camps, including camps for children with limited abilities and from poor families. These camps combine work and leisure. Children earn money for their work (it is usually manual labour) and in their free time cultural arrangements such as excursions are made.

Business-supported initiatives

Among all kinds of social investment, investment in education distinctly demonstrates the variety of entrepreneurial and civic motives of business leaders. Employers’ interest for education has a pragmatic character and is defined by the need for human capital reproduction, whose large-scale deficiency is observed in Russian manufacturing. It should be noticed that the deficiency of mass profession workers is not a subject of corporate social investment unlike the deficiency of narrow specialists, workers with specific skills or particular faculties.

Although corporate investment in education is aimed at solving applied problems, in many respects it is determined by humanitarian, value motives, civic position of business leaders. This combination of pragmatic and value, social orientations is traced back in all forms of corporate investment in education. The easiest of them are connected with professional orientation. Taking into account a limited mobility of the population of Russia, for many enterprises qualitative and quantitative parameters of a local labor market are a factor that constrains the development of business on the territory. Therefore companies, particularly emphasizing acute staff problems, carry out programs of professional orientation, often in the form of social actions for adolescents and the young. They are basically directed at future production workers. One of the examples is the Mineral fertilizer factory in Perm. In order to draw the young into the plant a three month labor camp has been open on the territory of the factory. Young people take part in the

production process in the plant. It contributes towards their professional orientation and helps engage the young in the factory.

Most Russian companies claim to be concerned about staff ageing and necessity of engagement of the young. However, according to the Center for Labor Research of the Higher School of Economics (HSE), only for higher educational institutions (universities) there is significant correlation between demand for their graduates declared by enterprises and real hiring. For vocational colleges and technical schools the indicators of how well their graduates are hired do not match notionally claimed demand for labor in working professions⁸. Moreover, the rate of employment of graduates of vocational schools decreases with wage growth in enterprises. Only a little part of enterprises, generally large ones, carries out mass recruitment of graduates. It is those enterprises that implement professional selection programs, which are based on direct connections between business and higher educational institutions. The easiest methods are presentations and lectures of companies' representatives in educational institutions, involvement of instructors and students in performing business orders, internships, and student practical work. One of the examples is *Intel Corporation* that was one of the first transnational companies to work with Russian higher educational institutions.

Today different kinds of internship programs are widespread in Moscow and St. Petersburg. More often they are supported by banks (e.g. *Moscow credit bank*, *Commercebank*, *The Bank of Moscow* and others), IT companies (e.g. *IBS* and others). Among Russian companies a complex approach to professional selection is used by the metallurgic company "*Norilski Nikel*", which cooperates with profile high educational institutions in different regions. They have created the "*Professional start*" program involving profile students from Moscow, Novosibirsk, Krasnoyarsk, St. Petersburg, Yekaterinburg, Ivanovo and Obninsk. Best program participants get employment offers from the company after graduation. The program is implemented with the support of the "Graduate" company.

Today the business society begins to realize that "the margin of safety" of the Russian educational system is running down, and in a few years manifestations of organizational, financial, staff and technological degradation will become evident. In such conditions professional selection programs lose their meaning. Therefore, Russian companies invest significant funds in schools and higher educational institutions. According to estimates of the Center of Educational Policy of the HSE, in all amount of financing of secondary education funding from enterprises makes up 3.5%, sponsors' funds constitute 2.1%. Paid education from the funds of enterprises forms 10.3% of the budget in the system of higher professional education, sponsors' finding accounts for 0.9%.

Undoubtedly business community is interested not only in financing of vocational schools, but in more close partner relationships, that enable them to adjust educational programs according to specific necessities of employers and more common needs of market economy and democratic development. However no strategic cooperation program at higher educational level has been implemented yet. The biggest of declared initiatives in that area is the cooperation between the *Russian State Humanitarian University* and the interregional Non-Governmental Organization «*Otkrytaya Rossiya*» (*Open Russia*). However that project has not been implemented due to political reasons. At the secondary school level partnership is arranging more actively. One of the examples is the "*Seven years – seven million*" cooperation program between the trade port of Vladivostok and secondary school № 7. The program started in 2003 with one million dollars invested in reconstruction and technical re-equipment of the school. Further investment will be aimed at staff and infrastructure support of changes in the educational process.

⁸ Gimpelson V.E. Deficit of qualification and skills on the labor market: insufficient supply, limitations of demand or false signaling from employers? Preprint WP3/2004/01 — Moscow, Higher School of Economics, 2004

During last years scholarship programs have been very popular. They are divided into two groups. The first group is based on contracts with scholars and implies further obligatory work with the company, for example scholarship programs of the consumer service corporation «Sistema». On the whole, by January 1 2004, 80 undergraduate and postgraduate students have become «Sistema»'s scholars. 58 of them have completed their education and are working in different enterprises of the corporation.

The second approach is not connected directly with recruitment and typical not of particular companies, but of charity foundations, founded by businessmen. *Vladimir Potanin's Charity* foundation, established for implementation of national education and culture long-term target programs, became a pioneer in that domain. The activity of Potanin's foundation began in 1999 with payment of 160 scholarships to graduates of Norilsk high schools. Today the foundation runs 4 scholarship programs: federal, "northern", support of winners of international competitions, and for military educations' students. The federal scholarship program is meant to help students find a place in life and choose a professional career.

In 2003-2004 academic year 67 higher educational institutions took part in the scholarship program. 1330 scholars were getting a 1500 rubles scholarship per month. Within the space of 5 years the foundation gave out above 9 thousand scholarships and grants to post graduate students and young university instructors. *CAF Russia* was chosen as a management company for the scholarship program implementation.

Alfa Bank assists programs aimed at helping the talented youth. The bank finances the "*Alfa chance*" program founded in 1995. In the framework of the program school graduates from different regions of Russia receive scholarships for education in best higher educational institutions of Russia. Alfa Bank also runs the *Alfa Fellowship* program supporting internships of young American specialists in Russia. Socially oriented activity of Alfa Bank is not confined to large projects. The bank participates in public life everywhere it does its business: it holds conferences, meant to draw investment in regions, assists educational institutions.

In 1990-s almost everybody was speaking about the crisis of school's educational function and problems ensuing from it: lack of spirituality, growth of drug addiction and juvenile delinquency. However few organizations managed to propose positive programs different from revival of the Pioneer organization or pseudo-patriotic education. One of the examples is the educational system "*New civilization*", started in 1994 by request of the oil company *Yukos* as a **corporate social project**. The system relies on the values of personal development. Today "*New civilization*" is a youth movement of national scope and significance. This "non-profit holding" connects a set of organizations and programs including the interregional public organization of children and young citizens "*New civilization*" (the scientific methodical center of the movement), the Russian union of navigators/scouts, the school of leadership and social management "*Liga dela*" (Business league). By 2003 19 towns and settlements of oil industry workers, where *Yukos*' enterprises worked, were the main pilot grounds of "*New civilization*". As a result of joint efforts of the "*New civilization*" movement and its regional partners, 793 schools in 24 subjects of the Russian Federation have participated in the program. The total number of students in those schools exceeded 555 thousand, including 175 thousand in the corporate towns. In 2003 154 thousand young people participated in the program. Within 10 years their number exceeded one million. Currently financing of the programs passed on to the interregional Non-Governmental Organization «*Otkrytaya Rossiya*» (*Open Russia*) - a foundation, established by *Yukos*' shareholders. Since *Open Russia* is not part of social and charitable activities of *Yukos* company itself, but of the individuals who are (or have been) its shareholders, it continues to operate even after dismantling of the company and imprisonment of its leader Mr. Khodorkovsky. As for the programs that were funded and operated by *Yukos* company itself, already by the beginning of 2005 most of them had to be stopped. The 'Independent' Russian newspaper reported on April 26, 2005, from a public meeting held in Tomsk in support of Mr. Khodorkovsky. The meeting participants, among whom were many

young people, including members of the region's youth branches of right-wing political parties, complained among other things that the end of Yukos-funded social programs in Tomsk oblast means a loss of 250 mln of Rubles annually. The paper columnist noted that this is an underestimate and the actual losses that count for investment programs as well, account for over 1 billion Rubles in this region alone⁹.

In 1999 on the initiative of Yukos, the Federation of Internet education was created. The main purpose of the Federation is implementation of the large-scale project "*Pokolenie.ru*" (*Generation.ru*). The goal of the project is to provide Internet access to 10 million young people aged from 10 to 20. Yukos has invested above 10 million dollars in the project.

One of the brightest examples of regional youth programs is the complex program "Reasonable generation", carried out by TNK-BP in Nijnevartovsk in 1990s. The results of the program are: involvement of the young in the social life of the town, anti-drug activity. TNK-BP plans to use experience gained during the implementation of the program in other regions. In 2004 the company also ran an anti-drug informational campaign with a 5 million ruble budget.

The "*100 cool projects*" program was founded with the support of *CAF Russia*. It supports initiatives of school students in providing assistance to the disabled, organization of creative (theatrical and musical) projects of school children, disabled children and orphans, construction and reconstruction of playgrounds, cleaning of river areas, and study of culture and traditions of small Siberian nations. On September 1, 2004 100 best projects got 100 thousand ruble prizes.

The "*New day*" program, founded in 1999 by "Rosbank" bank and *UNISEF*, is a pioneer among corporate grant programs. It is an open national grant competition in the social sphere. The purpose of the program is to help children (disabled, orphans, problem adolescents) by the means of the arts and sports. Within 4 years the budget of the program was around 500000 \$. The program won a competition held by the "*Open society*" institution and the **Soros** foundation. The program aimed at rehabilitation of disabled children and problem adolescents is managed by *CAF Russia*.

The "*New generation*" grant program has been carried out for a few years in Udmurtia. It implies providing competition based assistance to organizations which work with children and adolescents and strive for their physical and spiritual health, help the young develop and demonstrate their talents and abilities. In 2004 125 projects from different areas of Udmurtia took part in the contest. The advisory panel awarded winners in three nominations. In particular, cultural institution "The house of the young" was awarded in "Generation 2020" nomination for the project "Legends of the home land".

Institutional formation of relations between business and education is actively developing in most regions within **trustee movement**. One of the leaders of the movement is Buryatia where a congress of trustees was held in November 2003.

A new direction of social investment in science are corporate competitions of students' scientific works. They are organized in partnership with educational institutions and imply further cooperation of companies and the most talented winners of the competition. Pioneers in that sphere are transnational companies, such as Volvo, Association of Automobile engineers, American transnational company Procter&Gamble that began cooperation with the St. Petersburg state university before organizing production and commercial activity in Russia.

The target audience of **charity programs** are children and the young, veterans, population in the whole. For example *TNK-BP* company contributes to development of education, culture, sports through social investment programs. According to "best employers for young specialists" research held by *Karyera* magazine and Graduate company, 20 most popular companies among young specialists are big Russian and foreign companies working in Russia: *TNK-BP*, *Alfa-bank*,

⁹ http://www.ng.ru/events/2005-04-26/9_tomsk.html

PriceWaterhouseCoopers, Lukoil, Mars, Procter & Gamble, and McKinsey. TNK-BP, the winner of the rating, won in several nominations: "Development and professional growth", "compensations and guarantees", "working conditions". Now the company has a few projects of cooperation with higher educational institutions. TNK-BP pays much attention to staff professional development. For example the program for young specialists "three horizons" was developed this year. The program is aimed at fast and effective development of professional, personal, and business skills. Moreover, TNK-BP contributes to international professional communication and experience exchange. The basic TNK-BP's social program, directed at support of the young and children, is called "*Generation 2020*". It embraces such spheres as medical treatment, sports, and education. TNK-BP considers "Generation 2020" not as a set of charity actions, but a social investment system, directed at the development of the country and its own future.

Thanks to *MTU-Inform* company, one of the leading communication operators in Moscow, 1000 educational institutions received Internet access in the course of "*Moscow educational Internet*" action in October 1998.

"*VimpelCom*", provider of telecommunications services, is a sponsor of student contest "*Molodye Lvy*" (Young Lions). In the framework of the contest a ball of cum laude graduates of Moscow's educational institutions is held annually. In March 2002 "VimpelCom" became an official sponsor of the national competition of student works "*Crystal orange*". This competition is meant to reveal talented students and contribute to their career and professional growth.

The motto of a project undertaken by the firm "*Byte*" from Barnaul was "Computer literacy for socially active youth". About 40 young people took part in the program directed at inclusion of the young in social work. "Byte" computer firm offers 20 hour Microsoft Office and Internet computer courses to those young people who have worked in the city's hospitals for 20 hours.

Educational channel "*Shkolnik TV*" started broadcasting on September 1, 1999 in Moscow. The company "Kosmos TV" provides schools with free antennas. "Shkolnik TV" channel broadcasts on Cartoon Network, one of "*Kosmos TV*"'s channels.

2. Allocation of youth policy funding in North Caucasus republics and several subjects of the Russian Federation

This section addresses the questions of financing of youth programs and activities from the budgets of 6 Caucasian regions and several subjects of the Russian Federation. The following regions in North Caucasus are under focus: Dagestan, Ingushetia, Chechnya, Karachaevo-Cherkessia, Northern Ossetia, Kabardino-Balkaria. The youth policy financing funds and procedure of those republics have been compared with five other subjects of the Russian Federation: Rostov, Ryazan, Novosibirsk, Perm, Archangelsk oblasts.

The regions have been compared on the basis of overall regional budget expenditures on youth affairs. Table 2.1 denotes the sources of youth policy financing in the considered regions, availability of funding from the Youth of Russia federal program, and per-capita spending with regards to young people aged 15-24 in 2004.

Table 2.1. Youth of Russia and related youth policy funding from different sources

Region	Sources of youth policy financing	Federal transfers from the Youth of Russia program (+/-¹⁰)	Regional budget / municipal and extrabudgetary budget spending (2004, thousand rubles)	Number of people aged 15-24 (thousands)	Total spending per capita of youth - people aged 15-24 (regional and local), rubles	Regional poverty rates, according to the World Bank Poverty assessment, 2004¹¹	Human Development Index, according to the National Human Development Report, 2005
Dagestan	Regional and municipal budgets, non-budget	-	12993/6730	556.5	35.4	55.6	0.726
Ingushetia	Regional budget	-	2000 ¹² /-	99.8	20.0	46.7	0.662
Chechnya	Regional budget	-	18179/---	237.6	76.5	n/a	n/a
Karachaevo-Cherkessia	Regional and municipal budgets, non-budget	-	4542/242	78.2	61.2	18.2	0.736

¹⁰ A “+” sign implies that the region received financing from the Youth of Russia federal program, a “-” sign means that the subject of the Russian Federation got no federal funds from the above-mentioned program. The exact numbers of financing from the budget of the Russian Federation within the Youth of Russia target program were not quoted by the regional youth authorities representatives.

¹¹ Based on the World Bank-recommended methodology, data for 2002

¹² According to the estimates of the deputy minister of youth policy, sports, and tourism

Northern Ossetia	Regional and municipal budgets, other sources are scarce	+	15625/3369	128.6	147.7	25.6	0.740
Kabardino-Balkaria	Regional and municipal budgets, non-budget	-	2777/52	173.8	16.3	41.7	0.734
Rostov oblast	Federal, regional and municipal budgets, non-budget	+	8050 / 6798	749.7	19.8	21.2	0.742
Ryazan oblast	Federal, regional and municipal budgets, non-budget	+	7343 / 3646	181.5	60.5	17.5	0.750
Novosibirsk oblast	Regional and municipal budgets, non-budget	-	40652 / 118550	473.9	335.9	25.2	0.761
Perm oblast	Regional and municipal budgets, non-budget	-	14901/ 53239	476.1	143.1	20.0	0.755
Archangelsk oblast	Regional and municipal budgets, non-budget	-	7226/ 3670	213.2	51.1	11.3	0.749

Sources: Ministry of Finance data (www.budgetrf.ru), statistical volume “Distribution of Russian population by gender and age” by Rosstat, information in the third column (funding from the Youth of Russia program) is based on interviews with experts, listed in annex 1.

The table shows that all the considered regions allocate funds for youth policy purposes. The numbers of per-capita financing differs among the republics and oblasts, but do not exceed the sum of 340 rubles per year (below 13\$). The largest expenditures on youth policy in North Caucasus are observed in Northern Ossetia (148 rubles). In the overall sample Novosibirsk oblast is the champion in financing with 336 rubles per capita spent annually. The lowest amounts youth policy resources in 2004 were allocated by Kabardino-Balkaria, Ingushetia, and Rostov oblast.

The table also shows the differences between the ability of the regions to generate local resources to complement regional spending. Perm oblast represents a case, in which youth policy funding can be classified as ‘mostly local, since the region did not participate in the federal target program but was able to generate almost 4 times more funds from the local budgets and extra-budgetary funds, than allocated from the regional level. Such a success can be attributed to active role of private business of the region in supporting social initiatives of the government. Large and most successful enterprises such as ‘Perm Motors’ or ‘LUK-oil’ branch are known in the social sector for their philanthropic activities. In contrast, the republic of Northern Caucasus almost uniformly (Northern Ossetia being somewhat an exception) show an opposite picture – the regional budgets are the main sources of financing, hardly, if at all, supported by local or other resources. It may well be the result of weak fiscal systems in the republics as well as of the inability of local governments to generate any resources due to large shadow economy and substantial destruction of the economic base by the conflict and post-conflict conditions.

The team has interviewed youth policy officials from the selected regions of North Caucasus and comparator subjects of the Russian Federation (Riazan, Novosibirsk, Perm, Arkhangelsk). Heads and deputy heads of youth policy committees, departments, and ministries have been asked about financing from the Youth of Russia, South of Russia, and Housing federal programs. It is shown in the table 2.1. above that most of the regions have not been receiving any funds from the federal target “Youth of Russia” program during several years. Interestingly, representatives of the regions that have been among the program beneficiaries were unable to quote the exact amounts of financing from the federal budget. However, they shed much light on the practices of funding of youth policy in their regions and participation in the federal programs in the domain of youth policy.

One of the common features in financing is that special attention is paid by all regions to financing of housing construction programs for young families. Partially these activities are financed from the federal target program ‘Housing’, or, more specifically, its sub-program ‘Provision of housing to young families’. Since this emphasis on the housing needs of young families had been made at the federal level by inclusion of the corresponding sub-program in the list of federal target programs, most of the regions followed by allocating their resources to the same needs. It is quite unfortunate that national and regional authorities almost uniformly see only one solution to the need of young families in independent living, and this solution is housing construction. Such forms of assistance in provision of housing for young families as mortgage credits (maybe with specific preferences for young families such as subsidized downpayment or subsidized interest rates), assistance in development of legal and transparent market for rental housing, improvement of credit access for young families, counseling and guidance on saving strategies and housing options existing on secondary markets are virtually non-existent. It can be recommended to increase awareness of public officials at all levels in Russia of international experience, such as the one of Spain, in this sector, so that more approaches than the narrow focus on construction are developed to assist the youth.

The process of regional participation in the federal target programs including the ‘Youth of Russia’ is somewhat formalized but leave many rules undefined. Youth policy authorities are responsible for preparation of drafts of youth programs, planning of activities, budgets and documentation that they submit to the federal agency in charge of a given program, or to the Ministry of Economic Development and Trade. These drafts are considered as proposals for

financing, but the regions are not aware of the exact formal procedures according to which the proposals get selected. The interviews, carried out by the IUE team, disclosed no examples of using informal methods of defense of regional programs by regional youth authorities' representatives in front of the federal youth authorities when choosing the winners of the program. In some of the reviewed subjects of the Russian Federation youth and children public organizations actively participate in elaboration of projects of youth programs.

Among the reasons for not participating in the federal target program the Youth of Russia and for failing to compete for federal financing, the interviewed officials mentioned the following:

- lack of information about the regulation of the competitions,
- lack of transparency,
- the need to co-finance of the corresponding projects from the regional budgets, which should exceed the federal grant several times,
- difficulties induced by competition of other regions,
- the need to carry out big interregional projects and to cooperate with other regions in order to receive the program funding.

These factors show that the program rules have not been adequately disseminated across the regions. For instance, the belief that co-financing should be 'several times' higher than federal allocation is not proved by real expenditure data (see Table 2.1). But lack of information or confusing information decrease the regions' willingness in the federal program, reduce potential scope for cooperation.

The representative of Rostov oblast also mentioned the program regulations make only big and costly projects feasible in the context of the 'rules of the game'. Meanwhile the deputy head of the youth policy department of Ryazan oblast said that the federal program allocates too little money, so that it reduces the value of participation in the Youth of Russia for them. One of the problems of competition-based financing consists in the lack of transparency of the implemented procedures. It is important to determine the purpose of the competition: whether it is a competition for a place where a project is held, or it is a price competition. According to the representative of Perm oblast, a price competition is inappropriate for youth projects because the state does not purchase a service but co-finances it. It is also not clear how the sums of federal funding allocated for a project are corrected and changed during or after the implementation of that project.

The situation in every region is reflected in greater detail below.

Karachaevo-Cherkessia¹³

During the last two years there was no financing from the Youth of Russia program in Karachaevo-Cherkessia. The region gets financing from the "Housing" federal target program. Housing for young families is financed from the regional and federal budgets. Besides the republican budget, youth policy is financed from municipal funds. Sometimes the committee of youth policy informally asks enterprises for financial assistance in the field of youth affairs. The republic has not passed a regional youth program but the youth authorities of Karachaevo-Cherkessia work out a plan of activities and work according to that plan. Activities in the domain of youth affairs are developed by the committee, or youth policy experts in municipalities. The committee receives the whole funding for youth policy and distributes it among particular activities and municipal authorities. The committee allots money to the local administrations that carry out municipal activities. The department is responsible for the activities of the republican scope. Municipal budgets also allocate funding for youth policy, however in smaller amounts than republican resources. The republican committee provides the municipalities with financial

¹³ Based on an interview with Deputy Chairman of committee on youth affairs Eldar Agaigeldiev

assistance for different programs and projects. Financial resources are defined according to real possibilities of the budgets. There are no gaps between requested funding according to the budgets of the projects and real funding. Several activities can request up to 5 million roubles.

According to the deputy chairman of youth policy committee, the president of Karachaevo-Cherkessia pays much attention to youth affairs. After the election of a new president youth policy financing in Karachaevo-Cherkessia doubled. Special attention is paid to housing financing programs to young families.

Absence of financing from the Youth of Russia program in the region is due to requirements imposed by that federal program. The first of them implies holding large-scale interregional actions. The Youth of Russia funding is allocated only to nation-wide projects and programs. Another point is mutual financing that implies sharing costs with regional and local budgets. The share of federal financing is small and the financial burden lies upon the region. The representative of the committee says that program applications should imply large national interregional projects in order to get federal financing, that is very costly for the republican budget.

However, the region held “The youth against drugs” program, which involved almost all the subjects of the South Federal District of Russia. The youth authorities of Karachaevo-Cherkessia have proposed their opinion about possible changes in the regulations of the Youth of Russia program and hope that it will lead to positive changes in the financing scheme.

Karachaevo-Cherkessia receives no funding for youth policy in the framework of The South of Russia federal program.

Kabardino-Balkaria¹⁴

In Kabardino-Balkaria youth policy is financed from the regional budget, municipal budgets, and federal funds. Currently the republic gets federal financing for housing for young families within the federal program “Housing”. According to the head of the republican youth policy department, a few years ago the republic received financing from the Youth of Russia target program. Federal funding was directed at interregional activities. In the nearest future the republic intends to take part in similar interregional actions financed from the federal budget. Moreover, such interregional activities are financed from the republican budget. Several municipalities carry out local “Youth” programs, which are financed from municipal budgets.

Non-budget financing from organizations is used along with budget funding. Supplementary financing comes from different ministries, departments, governmental and private organizations.

There are no special youth non-budget funds. However, in the process of elaboration of plans of activities the youth policy department use different ways to find organizations willing to participate in youth policy co-financing.

The process of application for the “Youth of Russia” financing is organized in the following way. The department of youth policy prepares an application for participation, compiles a plan of activities. Another way of receiving funding from the federal program is participation in a contest held by the federal youth policy authorities. If the Ministry of youth policy and sports wins a grant within the federal program, the corresponding activities in the region will be financed within the Youth of Russia target program. All applications are presented to the federal youth authorities in absentia. According to the head of the youth policy department of the Ministry of youth policy and sports of Kabardino-Balkaria, the republican youth authorities have never used informal ways of lobbying for their applications.

¹⁴ Telephone interview with Youth policy department with the Ministry of youth policy and sports, Zuber Thalgaiev

Kabardino-Balkaria does not receive funding from the South of Russia federal program on youth policy. In the nearest future no youth policy financing from the South of Russia is supposed in the republic. Currently the question of participation of the republic in the South of Russia program in the domain of youth is being discussed.

Rostov oblast¹⁵

Youth policy in Rostov oblast is financed from the regional and municipal budgets and non-budget sources. Rostov oblast participates regularly in program contests held within the “Youth of Russia” federal program. In 2004 Rostov oblast received federal financing from the Youth of Russia program. This year the region has had no financing from the federal budget.

Non-budget sources of financing are: enterprises, private persons, sponsors. There are no non-budget youth funds in the region.

In the framework of the Youth of Russia target program the following activities have been financed in the region: providing housing to young families, patriotic education, support of young families, summer sanitary campaigns, support of youth and child public unions.

Rostov oblast participates in the Youth of Russia program within the system of advertised bidding. According to the deputy head of Rostov oblast youth policy committee, such system is inconvenient for the youth policy authorities. The committee faces difficulties connected with lack of necessary information. In the whole the representative described the existing system as inflexible. The system of advertised bidding within the federal program implies big lots that only big organizations can afford, because of co-financing requirements. Therefore the oblast often lacks resources necessary for participation in the Youth of Russia.

The committee of youth policy elaborates draft programs and sends them for assessment of the experts of the committee. Selection of applications implies an oblast competition of draft programs. The winners of that competition participate in the federal contest in the framework of the Youth of Russia program. According to the deputy head of the committee, Rostov Oblast has no means to lobby for its programs at the federal level.

Budgets of programs are planned at the stage of the preparation of an application. Regional budget co-financing is required by the rules of the federal competition. The amounts of federal grants are determined by the federal youth policy department. Usually federal financing of programs varies between 100 and 300 thousand roubles. Federal financing of housing programs can exceed 5 million roubles.

The oblast does not receive funding from the South of Russia program.

North Ossetia¹⁶

Youth policy in North Ossetia is financed almost exclusively from budget sources. The republican budget is responsible for the largest share of financing of youth affairs. Municipal spending is considerably smaller. Federal funding comes in the framework of the Youth of Russia target program. Currently the republic gets federal funding within a subprogram of providing housing to young families on co-financing basis. The republic is negotiating with federal authorities about financing of other youth sub-programs.

According to the deputy head of the committee of youth affairs of the republic, the existing scheme of financing from the federal budget is unstable. Often the federal youth policy department reduces promised financing. The representative estimated federal financing in the

¹⁵ Telephone interview with Deputy Head of youth policy committee Vladimir Maevsky

¹⁶ Telephone interview with Deputy Chairman of committee on youth affairs Alan Bagiev

republic as about a few million roubles a year. Currently youth policy financing from the regional budget exceeds 15 million roubles. Non-budget resources are insignificant.

Besides the subprogram of housing for young families the republic sends many applications for financing from the federal program in other domains. Next year the federal authorities plan to finance youth policy activities in North Ossetia in other spheres: youth enterprises, patriotic education. Representatives of the committee are preparing to go to Moscow in order to discuss those issues with the federal youth authorities.

Applications for participation in the federal program are prepared according to competition procedure. Three years ago the republic applied for a housing program competition for the first time. The federal structures appreciated positive experience of program implementation and decided to go on with financing of housing projects in North Ossetia. According to the representative of the committee, currently North Ossetia is Russia's leader in the sphere of providing housing for young families.

The deputy chairman of the youth policy committee said that the republic faces troubles due to the competition-based financing procedure of the Youth of Russia program. Competition among the subjects of the Russian Federation increases requirements to draft programs. Besides that the republic has no possibilities to support its projects at the federal competition and convince the federal youth policy department that North Ossetia particularly needs federal funding.

Basically the republican youth policy committee is responsible for elaboration of youth projects. However all questions are coordinated with the Government of the republic. There is a subdivision with the youth policy committee- the Youth business chamber, that works out youth policy projects, applications, and business plans. The chamber comprises representatives of the republican youth organizations.

So far, North Ossetia has not received funding from the South of Russia program for youth projects. Representatives of the youth policy department of North Ossetia and national youth authorities have agreed to hold a conference of heads of youth policy authorities of the South Federal District in order to work out principles of interaction during the implementation of the South of Russia target program in the sphere of youth policy.

Dagestan¹⁷

Financing of youth policy activities in Dagestan is proceeding basically from the budget of the republic. Also funding is allocated from municipal budgets. Although the Law on Youth policy in Dagestan requires at least 0.5% of budget resources to be spent on youth affairs, in practice it does not happen.

For the last 2 years there have been no financing from the Youth of Russia program in the region. Federal youth funding has been allocated since 2002 in the framework of the South of Russia federal program. This funding is allocated for three objects in the republic: a youth summer camp, a child sanitary educational center, and a tourist sanitary center. Federal funding comes along with co-financing from the republican budget. However, regional financing of the three objects is very scarce.

Last year the republic received 3.8 million roubles from the federal "Housing" program for young families housing financing. This money is allocated for subsidies for the birth of a child. This year the ministry of youth policy plans to get 3 million roubles of federal funding in addition to 10 million roubles, allocated for the housing program from the regional budget.

A few years ago Dagestan participated in grant competitions within the "Youth of Russia" program. Two years ago the republic won a grant for holding a conference on drug consumption

¹⁷ Telephone interview with Deputy Minister of youth affairs Anatoly Karibov

prevention in the youth environment. The grant was won by a republican informational analytical center.

The ministry also examines other competitions in the sphere of youth policy. According to the deputy minister, recently Dagestan won a youth enterprise grant of Eurasia foundation.

Chechnya¹⁸

In Chechnya youth policy financing is allocated only from the republican budget. This year 20 million roubles have been spent on youth policy. The youth committee of Chechnya plans to request additional financing from the government of the republic. The committee was founded in 2000 as a totally new structure. In 2001 and 2002 youth policy financing was extremely small compared to what the region has now.

In the future Chechnya intends to participate in the Youth of Russia target program. According to the deputy chairman of the committee, the participation of the republic in the federal program is impeded by frequent changes of the regulations of competitions held within the Youth of Russia program. The committee lacks information about allocated grants. Chechnya tried to participate in the 'Housing for young families' subprogram of the federal target program Housing. However the rules of the program require 50% co-financing from the regional budget. The republic can not afford it, said the official.

A variety of international organizations are active in implementing humanitarian programs including those that affect youth. Among them are UNISEF, Red Cross, Danish council on refugees. These agencies provide educational materials, visual aids and other techniques to schools, give training and methodological support to teachers and the Ministry of Education staff. UNICEF is particularly active in carrying out the Peace Education and Tolerance Building programs.

The procedure of youth policy financing in Chechnya is defined by the policy plan of the committee, approved annually by the government of the republic. Funding from the republican budget is allocated among programs and particular activities. Projects and activities are planned by the committee and are coordinated and approved by the government of Chechnya. According to the representative of the committee, long-term programs have not been approved in the republic, because their implementation is hampered without federal funding.

Currently republican projects are directed at reconstruction of the main infrastructure of youth policy. A youth palace is being rebuilt in the republic. 7 local youth centers have been created. AIDS prevention centers are working in the republic on the initiative of the committee. A youth parliament is being formed. The republican budget finances sports and leisure events.

In the field of youth employment assistance a youth labor registry office has been open. However high unemployment rate and the infrastructure destroyed by the war impede employment of young citizens of Chechnya. The youth labor registry office closely cooperates with the employment department and the republican committee on small business.

The republic does not receive funding for youth policy from the South of Russia program.

Ingushetia¹⁹

All funding of youth policy in Ingushetia is allocated from the regional budget. Municipal departments of youth affairs are financed from the regional budget as well. There are no extra-budgetary youth funds. No objects or projects in the framework of the program "South of Russia" in the field of youth policy are financed. Approximately 2 millions per year are spent on

¹⁸ Telephone interview with Deputy Chairman of committee on youth affairs Hodjahmed Haladov

¹⁹ Telephone interview with Deputy Minister of youth policy, sports, and tourism Akhmed Getagazov

the youth policy. The highest priority is patriotic educational programs. Up to 10 millions per year are allocated to the program "Housing for the young families". Ingushetia has not participated in the federal target program "Youth of Russia 2001-2005", but hopes to receive some funds from the future program for 2006-2010.

Although unemployment among youth is one of the most serious problems in the region, there are no special programs addressing the ways of improvement of the situation. The reason is that there are no appropriate funds.

Support from the President of the Republic of Ingushetia ensured the program "Housing for young families" to work more effectively. For example, this year region received 13 millions rubles from the federal budget for the purposes of this program.

All youth programs and actions are worked out by the Ministry of youth policy, sports and tourism. Youth bodies plan essential minimum of funding, make up estimate documentations. Then they pass this documentation to the regional Government, where they speak in support of it.

Ryazan oblast²⁰

The sources for financing for youth policy in Ryazan oblast are federal, regional and municipal budgets. In the framework of federal program "Youth of Russia" Young Businessmen Forum was funded. At 2004 Forum of Young Parliamentarians and some other projects addressing youth employment and youth summer camps received federal grants. From federal target program youth labor exchanges, business-incubators, projects of patriotic education were also financed. Usually amount of grants came up to 1 million rubles. The deputy head of the Youth policy department could not pronounce the exact number of financing from the Youth of Russia program. Youth policy in Riazan oblast is also financed from private sources. The youth policy department strives to increase financing from non-budget funds. However the department does not posses reliable information about an amount of non-budget financing.

The youth policy department is responsible for preparation of applications for grants allocated within the Youth of Russia program. Youth and child organizations of Riazan oblast are involved in the process of development of programs and projects. Youth and child public organizations, municipal youth authorities bring in propositions about programs and projects. The youth policy department checks out the applications and forwards them to the federal contest.

According to the deputy head of the department, the procedure of youth policy financing from the federal program is convenient, except for very little funding allocated for youth affairs.

Novosibirsk oblast²¹

Youth policy in Novosibirsk oblast is financed from regional and municipal budgets. At present the amount of resources is the following: 80 millions rubles comes from regional budget, 36 millions from municipal budgets except Novosibirsk and 10 millions are contributed by Novosibirsk. There are no special extra-budgetary youth funds. However, a project of "Open Russia" in Novosibirsk oblast "Open Novosibirsk" began to work recently. This organization proposes to cover expenses for foreign education for the regional youth and to carry out social projects contests. Also the "Siberian center for public initiatives support" acts as a resource center.

For the last two years there has been no funding from federal target program "Youth of Russia". Youth affairs officials claim that few regions regularly receive funding from the federal program in significant volume (for example, Tatarstan, Tomsk oblast). Before when Novosibirsk oblast

²⁰ Telephone interview with Deputy Head of youth policy department Elena Gunyashina

²¹ Personal interview with Head of youth affair department Stanislav Bolotov and Deputy Head Alexander Shepilov

received funding from the federal target program “Youth of Russia” sums approximately came to 200-300 thousands rubles per year.

Budget resources are spend on competitive basis, thus region participate only as intermediary for regional youth public organizations who prepare applications for grants. Criteria, evaluation mechanism and ways of selecting winners, which receive grants, are unknown for regional officials. But it is common that organization have to prove some co-financing of the project. Sometimes grants from federal program are provided in-kind (for example, computer equipment).

Novosibirsk oblast officials point out more effective relationship with federal level in the framework of the subprogram “Housing for young families”, in which Novosibirsk oblast has participated for two years. Thus they also noted that rules for young families to participate in program are rather complicated.

Archangelsk oblast²²

Currently the oblast is not financed from the Youth of Russia federal program. A few years ago the department of women, family and youth affairs participated in federal competitions held in the framework of the Youth of Russia program. The committee was responsible for the preparation of applications. The region won financing for several projects. Usually the committee requested for bigger sums than necessary. The reason for that were cuts in real financing that made funds allocated for particular activities smaller than it was requested.

Youth policy in Archangelsk oblast is financed from the regional target program the Youth of Pomorie. The program expenses are approximately 11 million roubles. There is also a housing for young families program under way in the region. That program is co-financed from the federal Housing program. 24 out of 26 municipalities of Archangelsk oblast carry out local youth programs. The budgets of such programs vary from 14 thousand up to 1 million 200 thousand roubles.

Perm oblast²³

In 2005 the oblast hosted the final round of Students’ spring interregional festival. Perm oblast sent an application to the federal competition and won federal financing of the festival. The budget of that event consisted of around 30 million roubles. 2.5 million roubles were allocated from the federal budget. The oblast’s funds constituted around 16 million roubles. The remaining funding (11 million) was raised from non-budget sources. The application for the Student Spring festival was prepared with participation of the University foundation. The committee of youth affairs provided administrative support for the preparation of the festival. The application contained an approximate sum of the financing of the festival activities. Estimates of organization fees were based on the previous year’s indicators. Other financial parameters were not quoted in the application.

The committee strived to support the oblast’s application in front of the federal youth authorities. Representatives of the region participated in a session of the contest commission. The officials of the committee of youth affairs of Perm oblast and University foundation’s experts prepared a presentation of their project along with all necessary documentation. The project of the festival won around one million rubles of federal financing. However the president of the federal contest commission promised an additional one and a half million rubles. So, additional financing was found by the federal authorities. The chairman of the committee of youth affairs of Perm oblast found difficulty in explaining the origins of those extra funds from the federal level.

According to the chairman of the committee of Youth affairs of Perm oblast, the region does not intend to participate in the federal program unless the regulations of the federal competition

²² Personal interview with Chairman of committee of women, family and youth affairs Dmitry Nizovtsev

²³ Telephone interview with chairman of committee of youth affairs Nadejda Kochurova

change. The oblast' youth authorities suppose that the procedure of financing from the federal program is not transparent. They do not completely understand the rules of that scheme. It is especially unclear for other activities in the sphere of youth policy. For example, it is not clear why a competition should define a place where interregional activities happen. However the head of the committee said that federal youth authorities are trying to arrange regulations according to which competitions are held and particular activities are financed. The Youth policy, education and children' social safety Department has proposed the regional youth authorities to express their ideas about projects and activities to be carried out within the federal Youth program. The youth committee of Perm oblast has little information about projects and competitions that the federal authorities plan to hold, and it impedes correction of youth projects put in the regional budget. However Perm oblast does not much rely on federal funding and plans youth projects and activities within the regional budget and external non-budget financing.

Non-budget funding usually comes from regional companies, large interregional and international corporations. Regional officials noted that there are significant extra-budgetary resources for youth, but had difficulty in estimating their amount. This source is essential in realizing every youth arrangement. The position of the committee is that if only the oblast participates and finances the activity then nobody else in the region needs it. Attracted funds come up to 45-60%. There are several examples when budget parts of funds were very small. Thus the computer sport tournament "Perm period" cost approximately 1,5 millions, while regional budget spent 100 thousands rubles. The committee's official noted that it is important to use all opportunities to develop relationships with business (for example, computer firms advertisement during the tournament attracted them to participate).

Municipal youth budgets do not co-finance regional activities. However, the region some kind presses on them in order to make municipalities implement their own youth activities plans and do not reject any responsibility for youth affairs. Municipalities also allocate funding for transport and accommodation expenses for young participants during oblast youth activities. The municipal level contributes 50 millions rubles to youth policy funds. There is a significant difference among municipalities, for example, Tchaikovsky town (100 thousand people) allocates 14 millions, while Perm city only 1 million 200 thousands rubles.

Youth policy official believe that Federal law 131 would make situation worse. As municipalities would not have legislative authority in youth policy, municipal share in consolidated budget for youth would decrease. In addition, because of unstable legislature unlike other bodies, youth bodies act not as executive authorities but as design offices without opportunity to predict for long-term outlook.

Perm oblast has participated several times in competitions held in the framework of the subprogram Housing for young families within the federal program 'Housing'. However, the region failed to win federal financing. The representatives of the regional youth affairs committee said that the oblast authorities lacked information about financing procedures implied by the federal program. Perm oblast has worked out a mechanism of assistance to young families in the area of housing financing. That mechanism is not competition-based and relies on actual numbers of young families that need to improve their housing situation. The head of the Committee of youth affairs believes that that issue should not be subject to competitions, because in that case regions compete for bigger financing from their own budgets.

Overall, it can be said that the Youth of Russia program has not been effective in helping regions to define their policy priorities concerning young people or in generating sufficient resources that could solve any particular problem of young people, such as unemployment or inadequate education. This problem has been recently realized at the federal level. In August 2005, the official Web site of the Ministry of Economic Development and Trade posted a quote from the

Deputy Minister V.Saveliev who, speaking at a meeting of the Federal Government focused on the federal target programs said that “Taking into account poor quality of policy analysis and lack of holistic approaches and adequate policies regarding the young people, the federal target program ‘Youth of Russia’ for 2001 – 2005 will not be continued in 2006 and the draft program ‘Youth of Russia 2006 – 2010’ developed for future financing will not be included in the draft federal budget for 2006”.

This decision can be viewed as closing of the last window of opportunity for the regions interested in youth policy, but on the other hand, closure of this obviously ineffective and non-transparent federal program may become a new window of opportunity since the resources saved could be allocated to more efficient projects and programs, benefits from which would spill over to the young people. It is important at this moment that promising and realistic initiatives are developed at the federal and regional level, creating a new basis for joint financing of youth policy. The Youth Policy department and regional authorities are likely to need technical assistance that would help them to define not only policy priorities, but also transparent implementation mechanisms that could lead to visible results in near future.

3. South of Russia target program

The federal target program 'South of Russia' was adopted in May 2001, then corrected in May 2003 after the first period of implementation was considered as a partial failure by the Government. The Ministry of Economic Development and Trade has been the program supervisor, and in such capacity cooperated with the authorities of all the regions located in the Federal Southern District of Russia, which is the program's target.

The program objectives are stated as to:

- create socio-economic conditions for sustainable development of the south of Russia;
- reduce social tensions;
- reduce unemployment;
- increase living standards of the population, using unique geographic position and climatic advantages of the region'²⁴.

More specific objectives concern:

- development of oil extraction fields;
- preservation of sea bioresources of Black Sea, Azov Sea and Kaspian Sea areas;
- development of recreational and tourism activities;
- small and medium business development;
- rehabilitation of water supply and management systems.

The program consists of activities that are defined as of national, international or regional importance.

Among internationally important activities there are:

- construction of oil pipelines;
- preservation of regional biodiversity;
- exploration of gas fields.

Activities of national importance are related to:

- development of tourism and recreational facilities
- transportation networks within the region and in connection with other territories.
- development aspects that are vital for all the southern regions, especially for the North Caucasus:
 - prevention of natural calamities (floods);
 - assistance to internally displaced people and refugees;
 - creation of employment;
 - development of industries and agriculture;
 - assistance to SME development.

Finally, the program includes a set of 'regionally important' activities meaning rehabilitation and development of infrastructure objects and networks, such as:

- communication;

²⁴ Quoted from the program passport, approved by the Government resolution № 581 dated August 8 2001.

- housing;
- social infrastructure.

To sum up, the program priorities lie mostly in the area of infrastructure development and rehabilitation, which is viewed as a way to trigger economic and human development in the South of Russia by creating necessary infrastructural pre-conditions for an investment boost. Institutional issues are notionally addressed by the program objectives and priorities (such as SME development) but, as will be shown below, they do not define visible part of the program activities.

Special emphases

Employment provision and social infrastructure (which includes rural schools) are noted among the program priorities. Regarding the former, unemployment has been noted by many experts²⁵ as one of the most crucial problems in the North Caucasus regions, especially unemployment among the young people. The program, naming provision of employment as one of the priorities for the region, stipulates that the mechanism to achieve employment increase is to use the program funds as investment into the existing or new enterprises, resorts, recreational areas and business that serve them. Small and family enterprises are supposed to be in the priority focus, especially if they are producing folk art items. At the same time, the program finances public works as a means of securing at least temporary jobs and incomes to the unemployed populations. Agricultural production, housing, expansion of gas supply networks and telephone communications are the sectors, where public works get organized first.

The program documents state that employment of women, youth, people with disabilities and retired military servants are the target priority groups for the employment assistance programs. Supposedly, 'special attention is being paid to upgrading of their skills, learning complementary or entirely new professions, retraining',²⁶. The employment programs of this kind are to improve mobility of the labor force and to reduce the so-called 'negative phenomena and trends of the labor market'. However, the South of Russia program does not specify how exactly special needs of each of these groups are being addressed, how many people actually participated in different types of programs and how are they benefited from them, especially in terms of sustainable employment. The only quantitative data available have been supplied by the participating regions to the Ministry of Economy in 2004, stating overall that in 2003 federal budget contribution to the program has led to creation of 6099 jobs.

Regarding the other special priority – educational and social infrastructure – the program envisages only that support and development of educational units (schools, vocational colleges) would strengthen their material and technical basis of the educational establishments and help to achieve modern educational level and youth upbringing. According to the program documents, its funding is also to be used to upgrade skills of education specialists and to improve methodology and organization of schooling. No educational activities that can be defined as school-to-work transition programs are specified in the program documents and the interviewed youth officials from the southern regions of Russia have not been able to recall that such activities were ever discussed in the context of the South of Russia target program and their participation in it.

Funding

The entire program funding is supposed to total 104022.56 mln Rubles, of which

- 22491.66 mln were allocated in 2002, the first implementation year, and

²⁵ UNDP/UNTC National Human Development report for Russia, 2005, forthcoming.

²⁶ Quoted from the program passport.

- 81530.9 mln are assumed to be the total allocation for 2003 – 2006 period, which is the second implementation period, after the program was corrected.

This 2003 – 2006 allocation should have the following breakdown:

Total 81530.9 mln, of which

I. Federal budget allocation 15893.874 mln of which

- 1) Federal budget resources allocated for other target programs 9255.904²⁷ mln (11.4% of the total), of which

Capital investment – 9139.82 mln. (57.5 % of the federal budget)

Research – 19.384 mln. (0.1 % of the federal budget)

Other – 96.7 mln. (0.6 % of the federal budget)

- 2) Federal budget resources allocated for other target programs, implemented in

- 3) the southern regions – 6637.97 mln. Rubles (8.1% of the total);

II. Regional budgets – 8392.866 mln. (10.3% of the total)

III. Local budgets – 1837.8 mln. (2.3% of the total)

IV. Extra-budgetary sources – 55406.36 mln. rubles (68% of the total)

Planned amounts and related sources of financing in southern regions for 2003-2006 period is presented in the table 3.1 below. The last column of the table gives examples of the program activities in each region that could be at least distantly related to youth problems. These are so few that in some of the regions we were able to find none and in others we included such activities as construction of an orphanage or schools as relevant notes, while in reality investment in school infrastructure per se does not mean that young people of a given region will receive better or more inclusive education, not to mention school-to-work transition assistance.

The few youth and children-related activities that we have been able to dig up in the target regions occupy minor parts of the entire set of activities financed from the South of Russia program, since the majority of the resources provided to each region were allocated to infrastructure development (see also the next sub-section). Neither the program documents and reports, nor interviews with youth policy officials could reveal more precise details on what amounts of resources were used to finance the activities related to youth policy matters. In our opinion, this is a characteristic of the low program transparency and poor coordination, even in the recipient regions, between the authorities in charge of youth policy and those in charge of economic development and finance.

²⁷ As in every federal target program, the amount of annual funding from the federal budget is subject to approval as part of the federal budget law, so it may differ from the initially planned allocation. The same can be said about regional and local budget allocations that are also approved or corrected annually by respective parliaments.

Table 3.1. Amounts and supplemental sources of financing for the “South of Russia” target program (2003-2006)

Region	Federal transfers from the South of Russia program (mln. roubles)	Regional budget spending (mln.roubles)	Municipal and extrabudgetary funds (mln.roubles)	Note
Dagestan	1274	1096.1	2793.77	Reconstruction of youth center “Golden sands” (infrastructure)
Ingushetia	982.7	1788.9	2383.64	Building schools for 5972 students
Karachaevo-Cherkessia	277.6	92.2	122.8	Building schools
Nothern Osetia - Alalnia	784	373.7	5300	Building schools
Kabardino-Balkaria	1035.3	525	2725.4	Building schools
Krasnodarski krai	2728.3	907.2	18899	Building schools
Stavropolski krai	1013.2	705.2	5248	Building schools
Adygeya	430.8	43.6	269.3	Building and reconstructing schools
Kalmykia	431	333.1	1069.6	
Astrakhanskaya oblast	515.02	862	7823.33	Building an orphanage
Volgogradskaya oblast	664	1353.6	3056.2	Building schools
Rostovskaya oblast	4673.5	329.7	6503.4	

In addition, the program documents contain information on the program expenditure that were allocated to joint or inter-regional projects in the region – see Table 3.2. However, no information is available to distinct the contributions of each source or even to name the sources more specifically.

Table 3.2. Inter-regional activities within the South of Russia program

Region	Federal transfers from the South of Russia program (mln. roubles)	Regional budget spending (mln.roubles)	Municipal budget spending // extrabudgetary funds mln. roubles)	Note
Dagestan and Kalmykia	-	-	182.1	
Rostovskaya oblast, Kalmykia and Astrakhanskaya oblast	-	-	60	
Rostovskaya oblast and Kalmykia	-	-	40	

Based on Table 3.1, it can be noted, that though in absolute terms some of the North Caucasus republics (for instance, Dagestan and Ingushetia) spent very large amounts of their own resources to co-finance the South of Russia program activities, they receive comparatively small federal funding per ruble on their spending. For example, Ingushetia's spendings are the highest (1788.9 mln) but it got only 0.5 rubles from federal budget per ruble of regional spendings. The situation in Dagestan and Volgogradskaya oblast is similar (respectively 1.2 and 0.5). On the other hand, there are regions that appear more successful in terms of generating federal resources per their own Ruble spent on the program activities. Adygeya allocated the lowest republican spending among the southern regions, but it received 9.9 rubles from federal budget per ruble, which is almost 20 times more per Ruble than what Dagestan or Volgograd oblasts were able to attract. Rostovskaya oblast received 14.2 Rubles per 1 spent, while its own regional budget expenses on the program remain the lowest (329.7 mln). Such comparison reveals no noticeable differences between the republics of Northern Caucasus and other southern regions.

Like in the Youth of Russia target program, the funding is not always allocated to the regions from the federal center in accordance with the agreed schedule. For instance, in Rostovskaya oblast only 69.8 % of notionally allocated funds were in fact used. According to the interviewed regional representatives, the regions are trying to undertake some measures to ensure proper and timely financing. Thus, the Department of Economy of Dagestan and local target program management are trying to reach more detailed agreements with the federal Ministry of economy to protect their planned investment from the program funds allocated for 2005. However, there appear to be no formal institutional mechanisms for the regions to protect their agreements with either federal or local authorities (within their regions) and to ensure that all the commitments from each side would be fulfilled. This is one of the significant obstacles to long-term program planning and its overall implementation, since many efforts of the regional officials and the program administrators are placed into on-going negotiations of the changes in the program amounts and activities.

An overview of the program activities in several regions

In **Krasnodar krai** the information on the program activities is quite limited. A number of objects were constructed using program and supplemental extra-budgetary sources, for example

a railway station in the resort town of Tuapse. So far, we were able to reveal no activities related even remotely to youth problems. The krai authorities believe that the federal target program is a catalyst that helps them to attract investors to finance different projects in a number of industries and sectors of the economy. Thus, in 2004 Krasnodar krai allocated 400 mln. Rubles, received another 333 mln. from the federal program budget, and thus triggered an inflow of 9.3 bln. Rubles of private investment²⁸, most of which went into construction and expansion of rail network in the region, including the cities of Novorossiisk and Tuapse.

In **Ingushetia** total funding of the target program amounted to 288.1 mln rubles in 2004²⁹. Federal funding totaled to 205.7 mln rubles. The sum of cofinancing of the republican budget was 20 mln rubles (9.7% of federal). The funds were invested in construction and development of such factories as:

- brickyards in Karabulak and Surhahi;
- hard waste utilization factory in Karabulak;
- two fruits and berries working up workshops in Dzhejrajski region;
- factory “Steklotara” in Mulgobek.

An increase of the republican budget share in the South of Russia target program financing is expected in 2005. The republic is allocating an extra 103.9 mln rubles to bring in an additional 248.4 mln. Rubles from the federal program resources. These resources will be spent on:

- Developing living conditions for migrants from Chechnya, who are going to stay in Ingushetia;
- Construction of schools
 - for 540 children in villages Zyazikov-Jurt, Aki-Jurt, (Maglobekski region);
 - for 5972 children in town Karabulak; villages Barsuki, Kantishevo, Ekazhevo (Nazpanovski region);
 - in stanitsa Ordgonikidzovskaya, village Verhni Achaluki (Maglobekski region).
- infrastructure development in Dzhejrajski, Sunzhenski and Maglobekski regions;
- infrastructure development in the capital of the republic, Magas;
- high pressure gas pipeline construction in stanitsa Voznesenskaya in Maglobekski region;
- building of brickyards in Nazran and Sunzhenski region;
- assistance to the state unitary enterprise “Kavdolomit” in Dzhejrajski region, extracting dolomites.

In **Karachaevo-Cherkesya** the “South of Russia” target program has been financing a number of ambitious infrastructure projects, including roads and rope-ways to improve access to mountain downhill ski resorts (potential attraction of tourists), reconstruction of sewerage cleaning systems (in Teberdy), construction of the following objects:

- coast-protecting structures on river Kuban for Verhni Kamennomost aul;
- water supply objects in Teberda and village Dombai;
- schools in Ust-Dzhegut; villages Dombai and Rimgorskom; Kyzyl-Kala and Inzhichishho auls;

²⁸ According to Head of Department for economic development, investment and interregional relations Anton Vylomov, quoted from the Ministry of Economic Development and Trade reports.

²⁹ According to Ruslan Dolov, head of investment office in Department of Economics of Ingushetia.

- trauma station in Dombai;
- polyclinic in aul Habez.

33 objects and projects in **Rostovskaya oblast** are included in the federal target program South of Russia now. The financial provision of the activities sums up to 6 billion rubles. In the framework of the program it is planned to:

- Preserve and use effectively the biological resources of the region, namely
 - Reproduction of natural spawning places at “Tsimlyanskii” reservoir basin;
 - Building of Don sturgeon farm;
 - Creation of reproduction complex of natural and artificial fish-breeding reservoir
- Develop tourism and recreational facilities;
 - Infrastructure development of tourism and recreational zones of the Azov shore and traditional Cossack culture centers in stanitsa Starocherkasskaya, Veshenskaya, Azov, Novocherkassk towns;
 - International congress center construction.
- Develop transport, communication, production infrastructure and industry, for example
 - Airport reconstruction in Rostov-on-Don;
 - Construction of new berths on Don;
 - Organization of export-import line with off-port custom terminal for super size trucks at the commercial port;
 - Building of « Veselovskaya » hydroelectric power station;
 - Building of mines « Sherlovskaya – Naklonnaya », « Obuhovskaya -1» and concentrating factory.
- Improve social infrastructure
 - Building of boarding school for retarded children in Zver’evo;
 - Building of psychoneurologic dispensary in Rostov-on-Don and Sal’sk;
 - Building of TB prophylactic centre in Rostov-on-Don.
- Develop housing and communal service and infrastructure:
 - Reconstruction of water-supply, sewerage purification systems in Rostov-on-Don.

Large amount of activities were taken in **Dagestan** in the framework of the program in recent years. The authorities even distinguish them by importance at the different levels (national and sub-national), as outlined by the federal program passport.

Activities of international importance:

- Reconstruction of the main Caspian port in Mahachkala;
- Mahachkala’s airport runway restoration.

Some of the nationally important activities:

- 2 buildings of children’s sanitary center on Caspian shore for 120 children were put into operation;

- construction of oil-processing factory intended for annual processing of 300 000 ton of crude oil is almost finished in Mahachkala. The capacity of the factory can be increased up to 700 000 ton;
- design estimates for health resort “Ahti” and sanitary center “Chajka” developed and approved;
- Creation of more than 3000 jobs.

Some of the regionally important activities:

- Building and reconstruction of engineering services in Kaspiisk, Derbent, Kizilyurt;
- Pipes constructions for the gasification of mountain areas;
- Building of 39 rural automatic exchanges for 8950 telephone subscribers in 24 regions;
- Development of water-supply in various regions;
- 7 gymnasiums construction;
- 28 rural schools for 3150 children were built.

The priority guidelines in the framework of the target program in the republic are claimed to be mountain areas infrastructure development, Mahachkala’s airport restoration, facilities of sanatoria and health resorts construction and the agro industrial complex. Between 2002 and 2006 Dagestan authorities plan to use 1226 mln rubles of the program funds, of which

622 mln- federal budget resources

603mln – republican budget resources

More than a half of this amount has already been allocated.

Regarding the program priorities for the 2006 and subsequent years, the Ministry of Economic Development and Trade provides the following information. According to the Deputy Minister’s report to the Government on August 12, 2005, the South of Russia program will continue to finance the activities focused on:

- Construction of infrastructure and housing for refugees and IDPs,
- Development of industrial and agricultural enterprises,
- Reconstruction of water supply and heating systems,
- Construction of gas pipes, water cleansing infrastructure.

At the moment, planned program funding for 2006 is estimated at the level of 2,1 billions of Rubles.

Annex 1. The list of interviews

- **Dagestan**, Ministry of youth affairs, deputy minister Anatoly Karibov
- **Chechnya**, Committee on youth affairs, deputy chairman Hodjahmed Haladov
- **Karachaevo-Cherkessia**, Committee on youth affairs, deputy chairman Eldar Agaigeldiev
- **Northern Ossetia**, Committee on youth affairs, deputy chairman Alan Bagiev
- **Ingushetia**, Ministry of youth policy, sports, and tourism, deputy minister Akhmed Getagazov
- **Kabardino-Balkaria**, Youth policy department with the Ministry of youth policy and sports, Zuber Thalgalegov
- **Rostov oblast**, Youth policy committee, deputy head, Vladimir Maevsky
- **Ryazan oblast**, Youth policy department, deputy head, Elena Gunyashina
- **Novosibirsk oblast**, Youth affair department, head Stanislav Bolotov, deputy head Alexander Shepilov
- **Archangelsk oblast**, Committee of women, family and youth affairs, chairman Dmitry Nizovtsev
- **Perm oblast**, Committee of youth affairs, chairman Nadejda Kochurova